

Windward Islands Banana Development
and Exporting Company Limited

WIBDECO

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Windward Islands Banana Development & Exporting Company (UK) Limited (WIBDECO) was incorporated in 1994 as a private company under the laws of St. Lucia. The company commenced trading in January 1, 1995 with the takeover of the operations formerly undertaken by the Windward Islands Banana Growers' Association (WINBAN).

Windward Islands Banana Development and Exporting Company Limited (WIBDECO UK), a wholly-owned subsidiary of WIBDECO, was incorporated in the United Kingdom and commenced trading in May 1994. The company is now trading under the name, *Windwards Bananas*.

The shareholders of WIBDECO are the Governments of the four Windward Islands (Dominica, St. Lucia, St. Vincent and the Grenadines, and Grenada), and the banana growers associations (BGAs) of the four Windward Islands (Dominica Banana Marketing Corporation (DBMC), St. Lucia Banana Corporation (SLBC), St. Vincent Banana Growers' Association (SVBGA), and Grenada Banana Co-operative Society (GBCS)).

All ordinary shares are currently held in a 50:50 ratio between the four governments and the four Banana Corporations or Associations. The shares of the Banana Corporations/Associations are held in proportion to their average annual production in the years 1992-94.

The principal activity of the group is the marketing, development and promotion of the Windward Islands Banana Industry. Commencing January 1, 2001 windwards bananas are marketed under the label of Windward Isles.

TABLE 3. EXPORT PRODUCTION & REVENUE : 1990—2000

| YEARS | DOMINICA | | ST. LUCIA | | ST. VINCENT | | GRENADA | | WINDWARDS | |
|-------|----------|--------|-----------|--------|-------------|--------|---------|--------|-----------|--------|
| | Tonnes | EC\$ M | Tonnes | EC\$ M | Tonnes | EC\$ M | Tonnes | EC\$ M | Tonnes | EC\$ M |
| 2000 | 27,157 | 29.49 | 70,281 | 82.25 | 42,339 | 48.29 | 722 | 0.60 | 140,499 | 160.63 |
| 1999 | 27,264 | 38.42 | 65,231 | 87.00 | 37,379 | 51.14 | 583 | 0.32 | 130,456 | 176.88 |
| 1998 | 28,135 | 34.96 | 73,039 | 91.69 | 39,885 | 56.17 | 94 | 0.09 | 141,154 | 182.91 |
| 1997 | 34,902 | 41.47 | 71,397 | 85.94 | 31,021 | 37.11 | 102 | 0.00 | 137,422 | 164.52 |
| 1996 | 39,533 | 44.50 | 104,805 | 125.80 | 43,986 | 52.40 | 1,850 | 1.50 | 190,174 | 224.20 |
| 1995 | 32,324 | 45.20 | 103,668 | 128.10 | 49,900 | 61.30 | 4,514 | 5.20 | 190,406 | 239.80 |
| 1994 | 42,781 | 55.40 | 90,119 | 115.70 | 30,925 | 39.80 | 4,544 | 5.60 | 168,369 | 216.50 |
| 1993 | 55,486 | 65.10 | 120,129 | 137.90 | 58,371 | 62.00 | 4,688 | 4.80 | 238,674 | 269.80 |
| 1992 | 58,024 | 82.20 | 132,854 | 184.80 | 77,361 | 101.40 | 6,300 | 7.80 | 274,539 | 376.20 |
| 1991 | 55,251 | 80.90 | 100,595 | 146.40 | 62,878 | 89.50 | 6,926 | 9.90 | 225,650 | 326.70 |
| 1990 | 56,617 | 79.60 | 133,777 | 186.90 | 79,561 | 110.50 | 7,486 | 10.30 | 277,441 | 387.30 |

Note : St. Lucia 2000 revenue is best guess

Windward Islands Banana Development
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SEPTEMBER 2001

WIBDECO

COMMENTARY

- The prolonged drought was severe on the islands' banana exports (Table 1) with all islands recording significant losses. Compared to the last year-to-date, exports from St. Lucia was 51.0% lower, followed by St. Vincent 28.8%, Dominica 27.2% and Grenada 16.8%. In total, exports in September were 59.9% lower and year-to-date, 39.6% lower. Last month, weekly banana exports fell to 922 tonnes, its lowest level since the 1980's.
- Average fruit quality consistency scores were 5.0% lower than the same period last year, mainly as a result of weather related problems. However, year-to-date average was still 3.2% higher.
- The drop in the weekly export has severely affected the ability of *Windwards Bananas* to meet its commitments to its Supermarket customers. This has resulted in the loss of valuable business for the Windwards banana industry, at a time when the market was recovering from the disastrous trading experience of 2000. The periods ahead will be challenging for *Windwards Bananas* as it seeks to recover lost grounds in the vital supermarket sector.

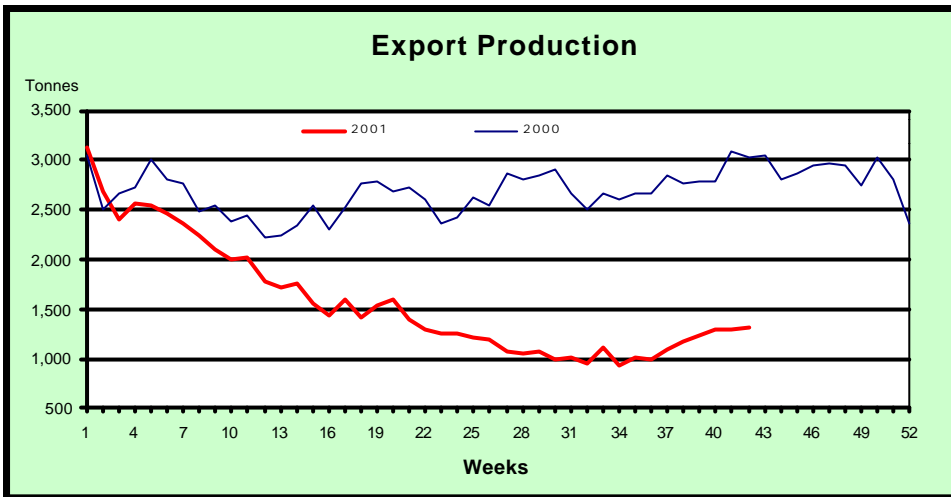
TABLE 1. BANANA EXPORTS

| Islands | BCOs | Export Production Tonnes | | | |
|-------------|------------|-----------------------------|--------|--------|---------|
| | | 2001 | | 2000 | |
| | | SEP | YTD | SEP | YTD |
| Dominica | DBMC | 1,079 | 14,099 | 2,825 | 19,374 |
| St. Lucia | SLBC | 1,596 | 16,849 | 4,747 | 37,418 |
| | TQFC | 449 | 4,796 | 1,002 | 7,729 |
| | ACTCO | 75 | 1,773 | 516 | 4,387 |
| | Ind. Farms | 101 | 612 | 65 | 271 |
| | BSML | 67 | 1,490 | 531 | 2,225 |
| | Total | 2,288 | 25,520 | 6,861 | 52,030 |
| St. Vincent | SVBGA | 2,100 | 22,036 | 4,004 | 30,931 |
| Grenada | GBCS | 58 | 449 | 92 | 540 |
| Windwards | | 5,525 | 62,104 | 13,782 | 102,875 |

- In order to ensure stable prices to the growers, the prices paid since week 11, 2001 by the WIBDECO Group to the local Banana Companies have been fixed in EC\$. The only adjustments to those prices have been for quality. The Group has taken on all

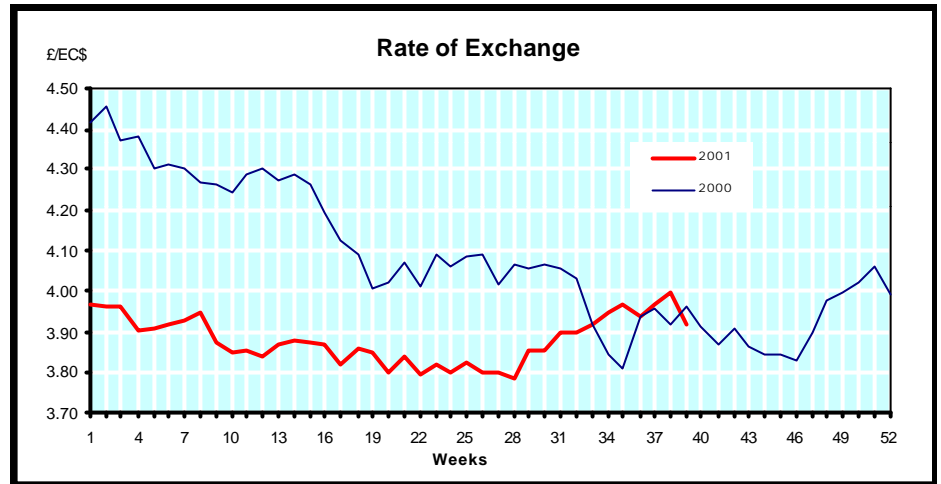
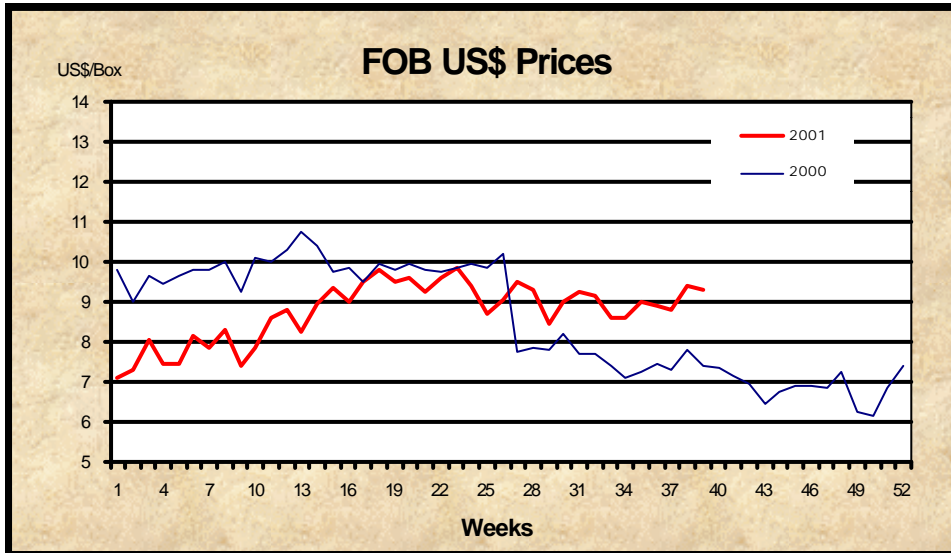
TABLE 2. QUALITY SCORES AND FREE-ON-BOARD PRICE

| Banana Companies (BCOs) | QUALITY ASSESSMENT % Premium Fruit | | | | ESTIMATED FOB PRICE EC\$/lb | | | |
|-------------------------|---------------------------------------|------|------|------|--------------------------------|-------|-------|-------|
| | 2001 | | 2000 | | 2001 | | 2000 | |
| | SEP | YTD | SEP | YTD | SEP | YTD | SEP | YTD |
| DBMC | 71.2 | 79.2 | 79.5 | 80.0 | 54.87 | 52.50 | 46.75 | 58.52 |
| SLBC | 82.0 | 84.3 | 87.5 | 76.6 | 64.26 | 58.71 | 52.69 | 59.02 |
| TQFC | 80.4 | 81.3 | 78.9 | 75.4 | 58.78 | 54.06 | 46.58 | 58.16 |
| ACTCO | 81.0 | 77.2 | 80.0 | 71.8 | 60.61 | 51.07 | 47.42 | 55.91 |
| Ind. Farms | 79.0 | 87.3 | 92.6 | 88.9 | 64.67 | 65.08 | 54.04 | 59.62 |
| BSML | 73.4 | 74.6 | 74.1 | 76.2 | 58.79 | 51.99 | 42.69 | 51.90 |
| St. Lucia BCOs | 81.3 | 82.8 | 84.8 | 76.1 | 62.92 | 57.05 | 50.64 | 58.32 |
| SVBGA | 73.4 | 77.1 | 76.7 | 75.4 | 58.02 | 55.88 | 46.26 | 59.53 |
| GBCS | 77.9 | 74.6 | 79.6 | 72.8 | 57.40 | 54.41 | 41.06 | 44.93 |
| Windwards | 76.3 | 79.8 | 81.3 | 76.6 | 59.43 | 55.33 | 48.51 | 58.67 |



other risks associated with movements in shipment volume and the exchange rate.

- On average, the September 2001 prices were 11 cents per lb higher than for the same period last year. Exchange rates have been significantly lower for most of this year. The new pricing arrangement has resulted in over EC\$2.7 million in exchange rate savings to the local Banana Companies. Average exchange rate for September was EC\$3.9569, bringing the year-to-date average to EC\$3.8810 compared to EC\$4.1290 last year.
- WIBDECO commenced direct purchasing of bananas from growers in Dominica at the beginning of July on an "accept or reject" basis. This effectively removed the final element of price fluctuation relating to fruit quality, from the local company and growers. Under this arrangement, the prices paid by the WIBDECO Group are fixed in advance and are not subject to any adjustment whatsoever, once the bananas are accept at the



reception point. This arrangement will remain in place for the rest of 2001.

- The fixed price arrangements are expected to be extended in 2002 and beyond but will be based on volume contracts jointly with the local Banana Companies and growers. This is intended to encourage planned and more evenly distribution of production to allow for better product management and improvement in meeting customer requirements.
- Phase I of the new EU banana regime was implemented on 1 July 2001. Under phase II, which comes into effect on 1 January 2002, the ACP quota will be reduced from 850,000 tonnes to 750,000 tonnes. Windward Islands bananas will continue to enjoy preferential market access under that quota. The new regime expires in December 2005. It is widely expected that the replacement regime that will come into effect in 2006 will be based on tariff only, with no quotas or quantitative restrictions on bananas from any origin.

